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31 mch  
(20 share for funds)

SRI, OPC

21 March 1952

Finance Division

Improvement in Field Financial Accountings

1. This is in furtherance of our conversation held upon my return from a visit to several of the field stations. Although, in general there has been a great improvement in the handling of finances abroad, and the attitude of operational officials has been one of increasing co-operation, there still remains a number of difficult accounts in connection with which we request your assistance.
2. We have forwarded to OPC and OSO a draft of a regulation, which will require all projects, individuals, and stations to account within 10 days after the end of the month. Where it is impossible for any reason to forward an accounting, the regulation will require a cabled explanation.
3. This regulation and other improvements now being undertaken will certainly do much to prevent ills such as have occurred in the past, but I do not believe that any regulation will entirely accomplish the desired results. In the large station, the regulation is received in a routine manner and is filed in a bulky, often inaccessible, volume. At the individual station, or at the project site, the regulation may not be available at all.
4. These regulations are still commonly treated by field personnel as applicable only to finance or administrative officers and are sometimes nearly ignored by individuals and smaller stations. Despite the regulations,--or perhaps because of their complexity--many individuals evade or avoid any accounting for funds on the theory they are operational personnel and are not and cannot become bookkeepers. They also feel that security precludes the keeping of adequate records and/or supporting data. Some persons attempt to solve the problem by, from time to time, handing to a subordinate or other CIA representative an unassembled collection of miscellaneous receipts, chits, or sheets torn from their notebook, from which they expect the recipient to prepare a detailed accounting.
5. Experience has shown that a failure to account for many months ultimately makes it nearly impossible for the individual ever to submit an accounting which will satisfy Hq. requirements, or which will permit him to claim the reimbursements which are justly his. Further, the retention of receipts for 6 months or a year does indeed create a real security problem. Likewise, the dumping of miscellaneous receipts and notes into the hands of (frequently) an inexperienced person can rarely, if ever, result in an accounting which both satisfies the agency and the individual.

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6. On the other hand, it has been the experience of the Finance Division that nearly all individuals can keep records adequate for agency purposes. Numerous persons, untrained in finances, have agreed they had found no problem in maintaining "double-talk" notes and receipts, in a secure manner, and because of their notes had no trouble in preparing adequate accountings. Where notes are kept and accountings are submitted before the transactions are forgotten, less than 10 minutes per day and about one to two hours at the close of the month are almost always sufficient for the preparation of an adequate accounting.

7. As you are aware, attempts to conclude old accounts, and to settle special claims arising from failure to account, have taken an unreasonable amount of the time of administrative and operational officials. In a few cases, the failure of just one person to account has made nearly impossible the reconciliation of from 5 to 10 other accounts and has necessitated needless delays in the processing of these related accounts. In other cases, budgetary control by operational offices has become almost impossible due to lack of adequate information as to expenditures already made.

8. Senior Agency Officials have repeatedly expressed concern over the delinquency of accounts and the resulting problems, including those just outlined. The only way to avoid these problems is, we feel, to impress upon each individual the necessity for submitting a balanced accounting, each month, no matter how brief or incomplete the accounting may be. A balanced accounting must consist of:

- (a) a statement of funds on hand at the beginning of the accounting period (except for the first accounting period)
- (b) an itemized list of receipts of funds during the accounting period, indicating in each case the person or station from whom the funds are received;
- (c) a total of funds to be accounted for (funds on hand plus receipts);
- (d) an itemized list of individual expenditures (regardless of acceptability), together with the total.
- (e) a statement of funds on hand by actual count or other acceptable verification at the close of the accounting period.
- (f) a total of expenditures, advances, and cash on hand which should in all cases equal item c. above, the total funds to be accounted for. The next monthly accounting should begin with the cash on hand figure which equals the closing figure in the previous report (item e above).
- (g) such receipts or other supporting documents as are available.

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9. As stated, we do not feel that routine Regulations will achieve the desired purpose in all cases. Persons recently arrived in the field need, perhaps, only an additional reminder, while to chronic delinquents should be sent a forceful memorandum outlining the duties of persons entrusted with government funds, and the penalties for failure to fulfill this duty. Neither memoranda is intended to be technical. Any necessary technical data will be forwarded concurrently by finance.

10. Accordingly, we have prepared for your consideration drafts of two memoranda which, if approved, we request that you forward to individuals to be designated by the Finance Division. The first memorandum is short and is intended primarily as a reminder. In many cases this memoranda from your office will not be necessary since the individual will have already been contacted by the Finance Division. The second memorandum is intended primarily for chronic delinquents, and where it appears there is a wilful failure to account. In connection with paragraph 4 of the memorandum, you are referred to paragraph 11.5, p. 26, of the Confidential Funds Regulation.

11. Obviously, the identical wording may not be useable in every case. But, it is felt that except for the first paragraph, for which an alternate wording has been provided, the memorandum in most cases can be forwarded verbatim. However, to have the proper effect on this individual it should be typed as a separate dispatch rather than set up as a form.

12. If you concur in the above recommendations and procedure, the Finance Division will forward to you periodically the names and the status of accounts of persons to whom a copy of one or the other memoranda should be sent.

  
Chief, Finance Division

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